

# Congress of the United States

Washington, DC 20515

January 30, 2003

The Honorable George W. Bush  
President of the United States  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear President Bush:

We are writing to strongly urge you to withdraw proposed Treasury Department regulations regarding cash balance pension plans and to issue new regulations that will prohibit profitable companies from reducing the pension benefits of existing employees or retirees by converting to age-discriminatory cash balance plans. (Federal Register December 11, 2002, Internal Revenue Service, 26 CFR Part 1, REG-209500-86, REG-164464-02, RIN 1545-BA10, 1545-BB79.)

According to the General Accounting Office, annual pension benefits of older employees can drop by as much as 50 percent after a company converts from a traditional defined benefit plan to a cash balance plan. Large companies favor the conversion because they can save hundreds of millions of dollars a year in pension costs. Delta Airlines, for example, recently announced it would save \$500 million per year by switching to a cash balance plan. In the late 1990s, IBM initially estimated it would save \$200 million per year by switching to a cash balance plan. IBM, A T&T, and Verizon are among the 300 to 700 large companies that have already converted to a cash balance pension plan. An additional 300 companies had been waiting for IRS approval of their conversion plans even before the regulatory change was announced. Thousands of companies employing millions of people would be eligible to convert their pension plans under the proposed regulations.

Switching to a cash balance plan in mid-stream has the greatest negative effect on older employees who have worked for many years with one company and plan to continue to work for additional years for the same employer.

As you know, in September 1999, the IRS issued a moratorium on issuing letters of approval to companies for pension plan conversions because of age discrimination concerns. There are over 800 age discrimination complaints currently pending before the EEOC based on cash balance conversions. The 1999 moratorium has nearly stopped the flow of companies converting to cash balance plans.

The recently proposed regulations would create an incentive for thousands of companies to convert to cash balance plans by providing legal protection against claims of age bias by older employees. The regulations would result in millions of older

employees losing a significant portion of the annual pension they had been promised by their employer and had come to rely upon as part of their retirement planning.


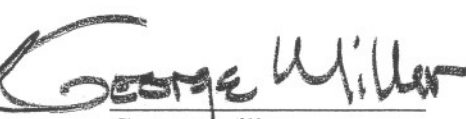
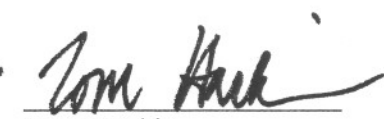
We urge you to direct the Treasury Department to immediately withdraw these proposed regulations and instead issue regulations that provide for the protection of older employees' pensions.

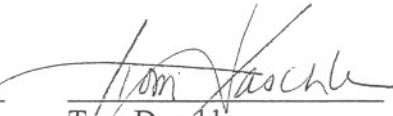
At a time when millions of employees are still reeling from significant losses to their 401(k) retirement plans because of corporate scandals and the ongoing weakness in the stock market, we believe these regulations represent another serious blow to the retirement security of hard working Americans who have played by the rules in their companies only to see the rules of the game for rank and file employees change midway through their careers.


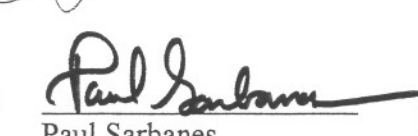
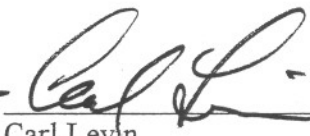
Re-opening the floodgates for cash balance conversions will destroy what is left of our private pension retirement system. This is a devastating step that your Administration need not and should not allow.

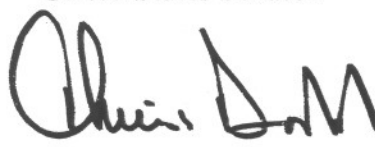
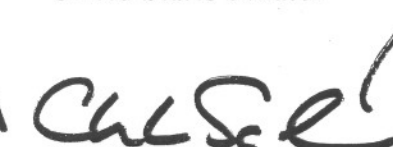

We deeply appreciate your attention to the concerns that we are expressing on behalf of the millions of employees who will depend on their pensions for a secure retirement. We look forward to working with you to protect the pension security of America's workers.

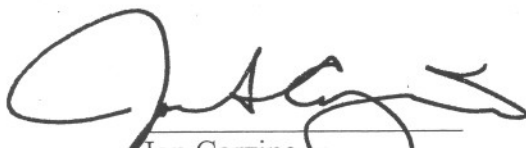
Sincerely,

		
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Edward Kennedy United States Senator	Paul Sarbanes United States Senator	Carl Levin United States Senator

		
Christopher Dodd United States Senator	Charles Schumer United States Senator	Dianne Feinstein United States Senator

  
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United States Senator

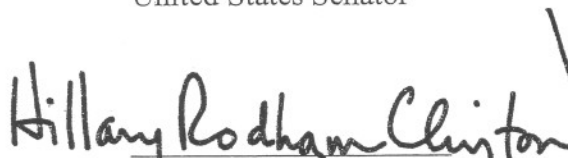
  
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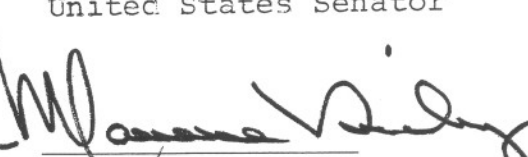
  
Mark Dayton  
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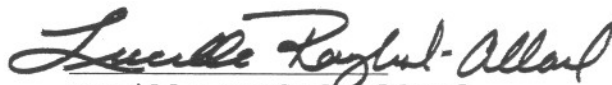
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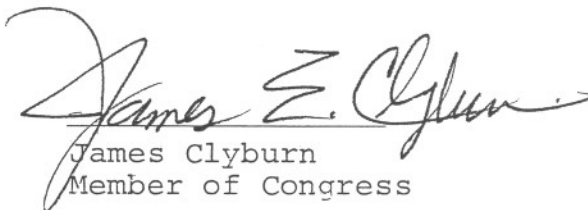
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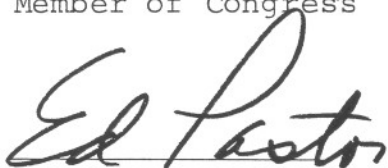
James Clyburn  
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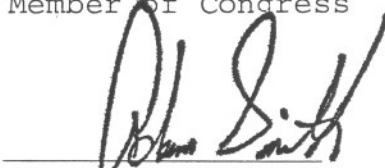
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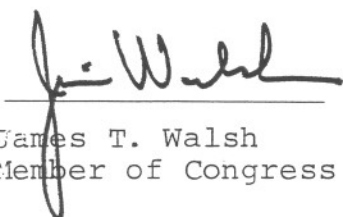
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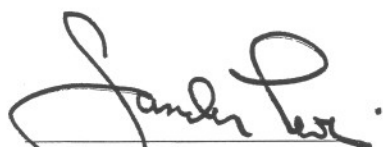
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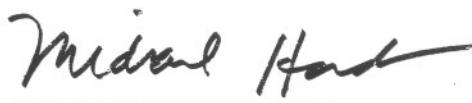
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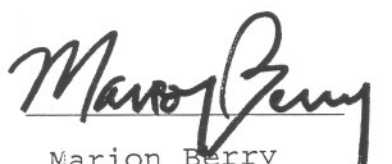
  
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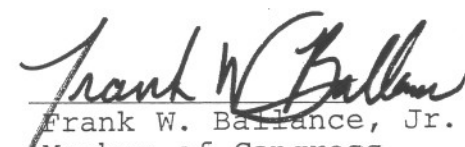
  
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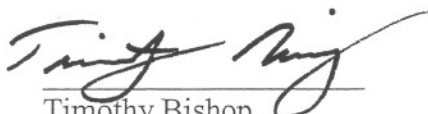
  
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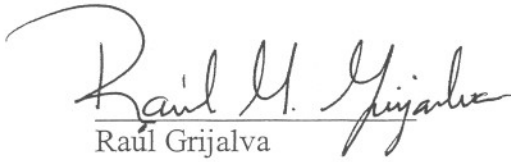
  
Richard Gephardt  
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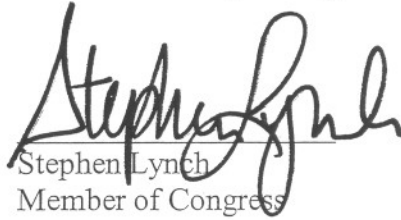
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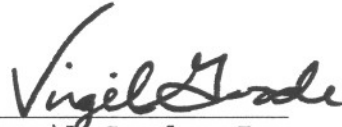
Mike Ross  
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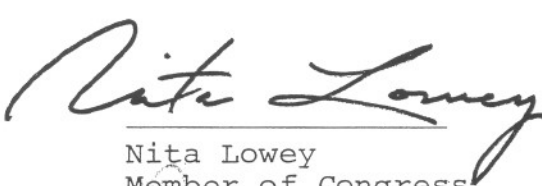
Virgil Goode, Jr.  
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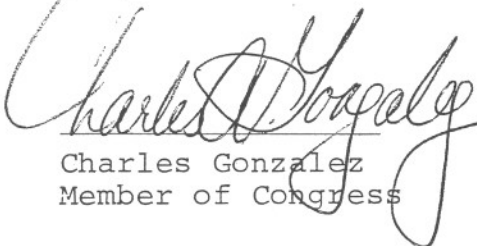
Maxine Waters  
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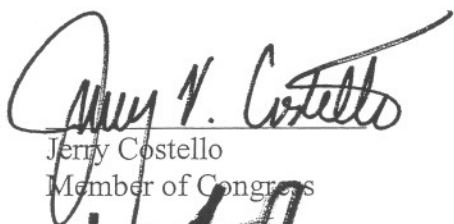
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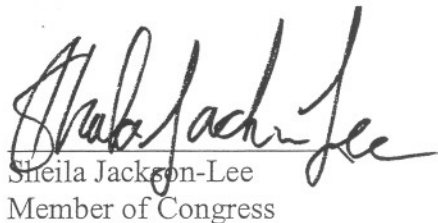


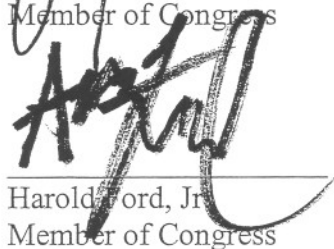
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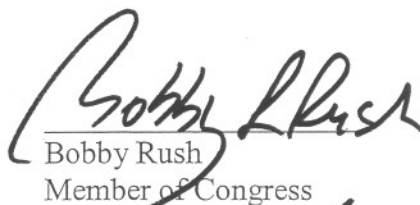


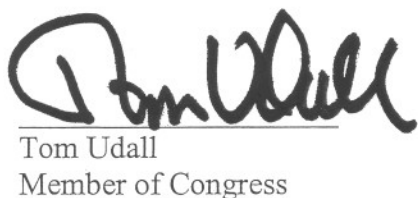
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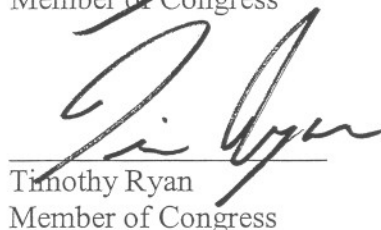
  
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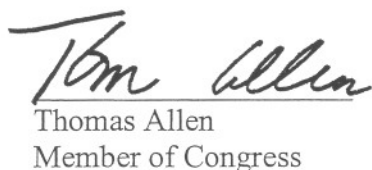
  
Sheila Jackson-Lee  
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Harold Ford, Jr.  
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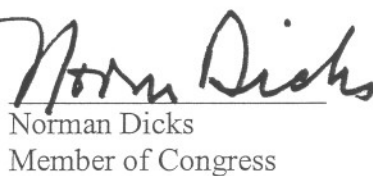
  
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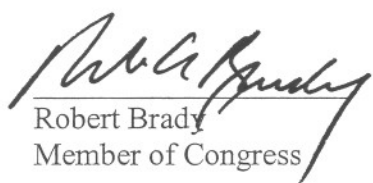
  
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Thomas Allen  
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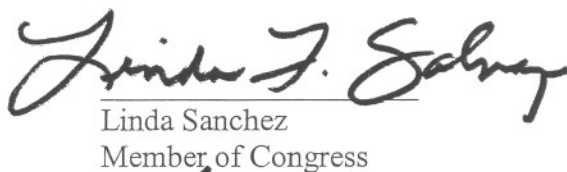
  
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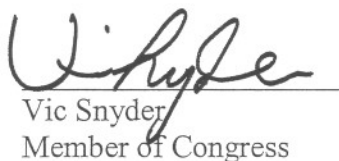
  
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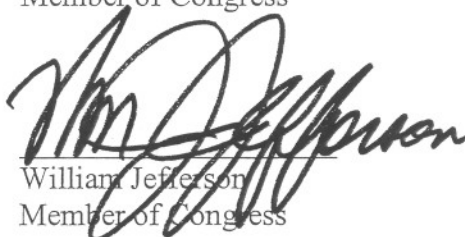
  
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Eddie Bernice Johnson  
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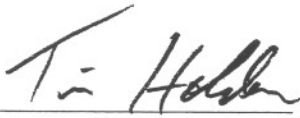
  
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Linda Sanchez  
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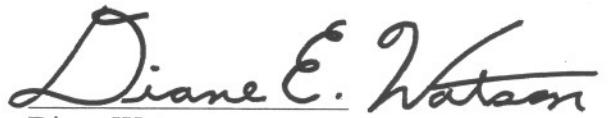
  
Vic Snyder  
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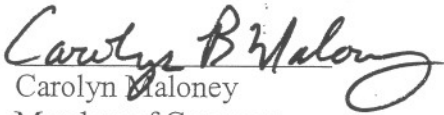




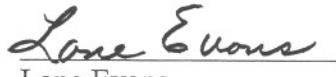
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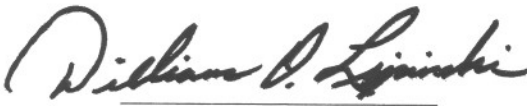
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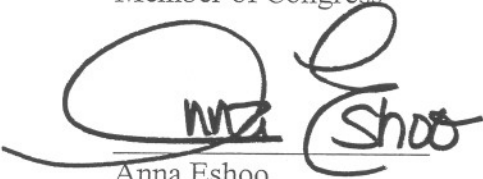
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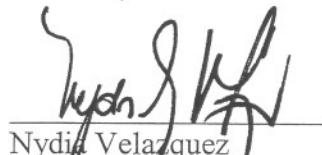
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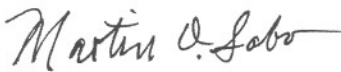
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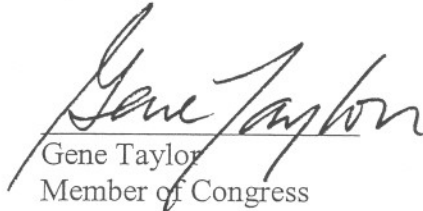
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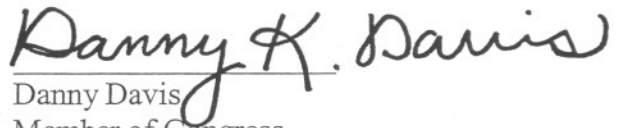
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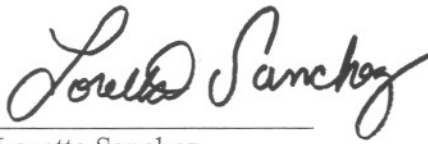
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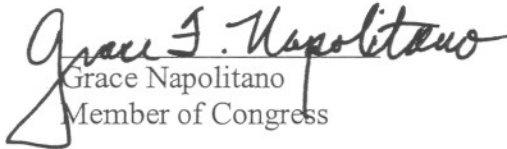
Danny Davis  
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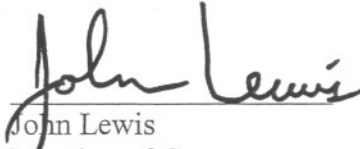
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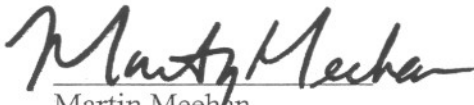
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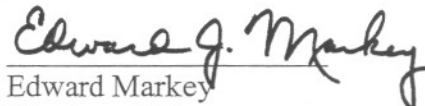
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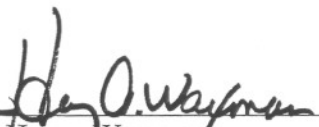
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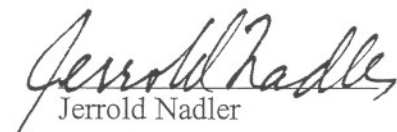
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Jerrold Nadler  
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Bill Pascrell  
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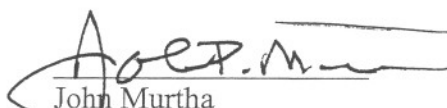
  
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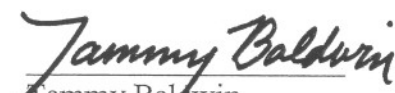
  
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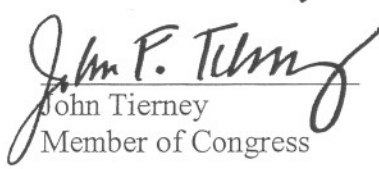
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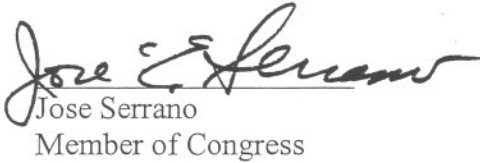
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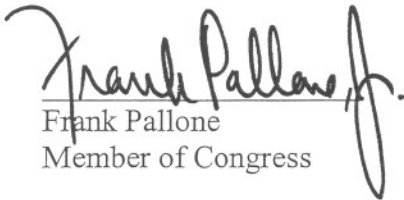
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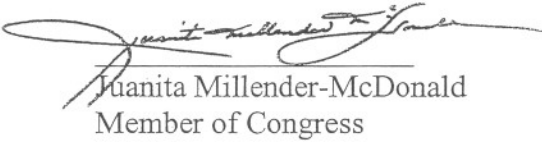
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Frank Pallone  
Member of Congress



Earl Blumenauer  
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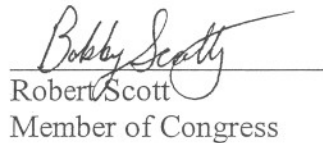
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Lynn Woolsey  
Member of Congress



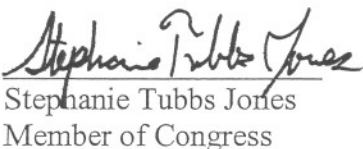
Robert Scott  
Member of Congress



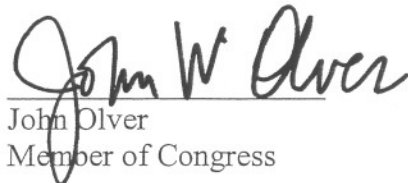
Rush Holt  
Member of Congress



James McGovern  
Member of Congress



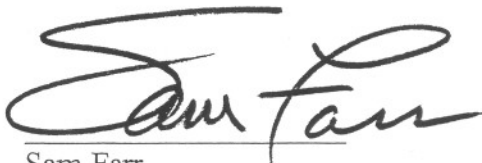
Stephanie Tubbs Jones  
Member of Congress



John Olver  
Member of Congress



Lois Capps  
Member of Congress



Sam Farr  
Member of Congress



Corrine Brown  
Member of Congress



Dale Kildee  
Member of Congress



Patrick Kennedy  
Member of Congress



William Delahunt  
Member of Congress



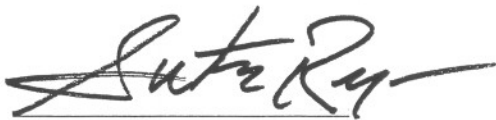
Edolphus Towns  
Member of Congress



Joe Baca  
Member of Congress



Eliot Engel  
Member of Congress



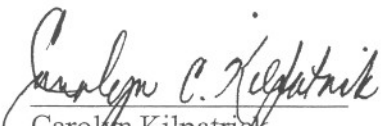
Silvestre Reyes  
Member of Congress



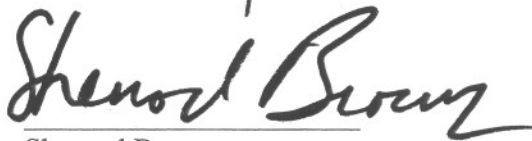
William Lacy Clay  
Member of Congress



Michael Doyle  
Member of Congress



Carolyn Kilpatrick  
Member of Congress




Sherrod Brown  
Member of Congress



Luis Gutierrez  
Member of Congress




Janice Schakowsky  
Member of Congress

  
Howard Berman  
Member of Congress

  
Bennie Thompson  
Member of Congress

  
Julia Carson  
Member of Congress

  
Mark Udall  
Member of Congress

  
Rosa DeLauro  
Member of Congress

  
Peter DeFazio  
Member of Congress


  
Martin Frost  
Member of Congress

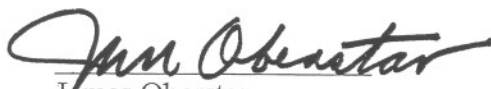
  
Marcy Kaptur  
Member of Congress


  
Dennis Kucinich  
Member of Congress


  
Major Owens  
Member of Congress


  
Peter Deutsch  
Member of Congress

  
Eleanor Holmes Norton  
Member of Congress

  
James Oberstar  
Member of Congress

  
Jim McDermott  
Member of Congress

  
Rick Larsen  
Member of Congress

  
Donna Christensen  
Member of Congress

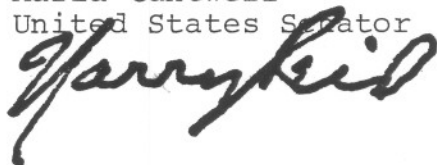
 

John D. Rockefeller IV  
United States Senator

Maria Cantwell  
United States Senator



Jack Reed  
United States Senator



Harry Reid  
United States Senator



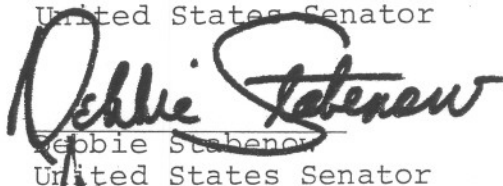
Daniel Akaka  
United States Senator



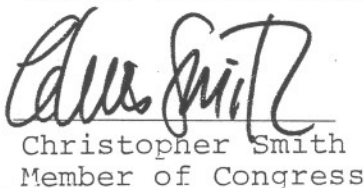
Richard Durbin  
United States Senator



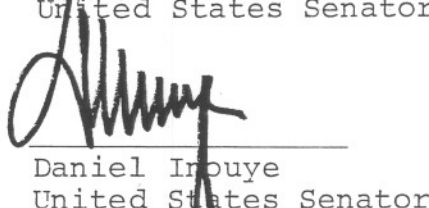
Frank Lautenberg  
United States Senator



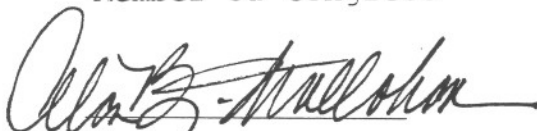
Debbie Stabenow  
United States Senator



Christopher Smith  
Member of Congress



Daniel Inouye  
United States Senator



Alan Mollohan  
Member of Congress



Ed Case  
Member of Congress



Bill Nelson  
United States Senator